

FORT MONROE, VA  
COMMANDER'S NARRATIVE  
FY04 NAF BUDGET

1. Fort Monroe will reach the NERO goal of \$158,777 NIBD in FY04. Accomplishing this will require restructuring of major programs and judicious use of USA reimbursement.
  2. The budget was built using the following assumptions applying to all programs:
    - USA reimbursement sufficient to pay for our CPMC program would be received.
    - NF-3 and above personnel would receive a 4% COLA in January.
    - Local rate employees would receive a local COLA on 2.25% in July
    - There would not be any significant change in Post population or security which would negatively affect our programs.
  3. The Fort Monroe Club will be converted into a Community Center effective October 1, 2003.

As a Community Center the building will be a Category B operation supported by APF funds. An Annex Manager will manage the facility and will book rooms. The Manager and the custodian are USA reimbursed NAF employees. Their cost will be reported under code RS. Government agencies will be able to use the building for conferences and meetings at no charge. The ITR program may be located in the building as well.

A Food, Beverage & Entertainment program will be housed in the Community Center. It will provide catering to any patron authorized MWR services. This will be a for-profit program aiming to meet the 8% profit goal for Category C food operations. All staff for this operation will be paid by NAF alone. Utility costs will be charged to the program on a space and time used basis.

Membership requirements will be dropped along with membership programs. Membership program costs exceeded membership revenue by a factor of 2:1. Closing membership down will save @ \$57,000/yr. Specific programs that will vanish are the Wednesday Night Beef & Burgundy and Ballroom Dancing, Friday night dining with entertainment, and the discounted lunch price given to Club members. Sunday Brunch and Friday's at the Fort will continue as Quality-of-Life programs. The lunch program will also close. This will save another \$53,000/yr.
  4. Old Point Comfort Marina opened an additional 144 slips in FY03. Since the slips are filling at a slower rate than we expected, a rate increase has been deferred to April. By then the slips will have been open one year. Boaters who want to move to our slips will have ridden out their existing leases elsewhere and moved. Starting in April rates will increase from \$4/ft/mo to \$4.50/ft/mo for an annual lease. This will take our rates above those offered by other military marinas in the area. Our superior location will be our selling point to boaters justifying the increase.

A concession restaurant has opened in the Marina building. Concession payments of \$1,500/mo have been included in the budget.
-

Fuel, Ship's Store and Maintenance Bay income have been held steady. The Manager expects increases in income from all three as a result of the new slips but has no firm basis to project what the increase could be. A mid-year revision to these budgets will be made if sales in these areas grow by more than 10%.

5. Storage has been combined with the Outdoor Recreation rental program in FY04. This makes the budget align with operations. Storage had been broken out as a separate program in order to build a history to support a NAF Major Construction proposal for an MWR owned and operated indoor storage program. AAFES has exercised their preemptive right to such program. Accordingly, there is no reason to separate storage any longer.

Outdoor Recreation as a whole will be profitable in FY04. Profits from the RV storage lots and the Colonies campground will subsidize the equipment rental program which will continue to be offered as a Quality-of-Life program.

The expansion of the Colonies Campground will begin in FY04. Given the delays due to environmental issues, no income from the expansion is in the budget. A winter opening with income in FY05 is our best estimate of the current status.

6. Bowling will break even in FY04. This program has been on a long-term decline. A new manager is being hired who we hope will be able to turn the program around. The budget presented shows the Snack Bar making a small profit for the year. A simplified menu has reduced the COGS and hours open have been cut back to what trade will support. Bowling income is static. This budget will be reviewed for revision at mid-year based on the new manager's accomplishments.

7. Recreational Swimming will break-even for the year. USA reimbursements combined with increased fee income from a price hike in FY03 will accomplish this. Labor costs are being tightly managed with pay being brought in line with actual duties. Pool parties are becoming a significant source of revenue. The manager aims to increase party bookings in FY04.

8. The Auto Shop is a major success. Our budget for FY04 shows that success continuing. It will be profitable even without reimbursement. Labor charges have been raised to \$45/hr bringing the shop in line with Langley AFB MWR auto shop, our nearest competitor. An unfinanced requirement for two additional bays has been submitted for year-end APF funding. With these two bays the Shop will be able to offer front-end alignments, the only major service we have not yet been able to offer.

9. The Frame Shop is budgeted to be a steady-state operation. This conforms to actual performance in recent years. Nothing has occurred that makes us believe the market will change.

---

10. Child & Youth Services will be discussed as a single program since that is how it operates.

The Child Development Center will lose money for the year. Labor costs at the Center are high due to low staff turn-over. The majority of the full-time and part-time staff has reached or is approaching the pay caps for their positions. Only partial USA reimbursement is planned for the Center. The mandated methods for calculating user rates do not consider the cost of service. These factors combine to make the Center unprofitable.

School Age Services will be profitable for FY04. Conversion of a full time staff member to APF has lowered labor costs for this program. This conversion is our margin of profit.

Youth Activities and Youth Sports will both be profitable thanks to "stove-pipe" APF funding which covers the costs of these programs. The CYS Trainer and the School Liaison Officer are also reimbursed out of the "stove-pipe". This dedicated funding ensures the success of this program regardless of what may happen to Post funding in general.

11. Overhead costs will go up in FY04. We face a \$44,000 cost of severance for NAF Contracting personnel when the office closes down in April. The purchasing agent is authorized a full year's salary as severance. We do not know if we will have a comparable position available for her at that time. As a matter of prudence, the full cost of severance has been assumed. These costs are partially offset by not hiring a new Publicist when the old one left in June 2003. The ISO will be fully reimbursed.

12. The cost for the Combined Activities Center will also go up. The Club building will be operated as an annex of the CAC. In addition to the CAC front counter staff, the annex manager and the custodian will be reported in this location as well. The Annex Manager and the CAC front counter staff will be reimbursed; the custodian for the Annex is an unfinanced requirement for reimbursement.

13. Our expected profit for the year will be used to pay for a Capital Purchases / Minor Construction program. Relining and repaving an RV storage lot will allow us to make better use of space available thereby generating more revenue. Relocation of picnic shelters will do the same while clearing space for our Colonies Campground Expansion. The new fishing boats will allow the program to continue. It is an expected Quality-of-Life program.

14. This budget was prepared without a firm knowledge of what funding Fort Monroe will receive for the APF budget in FY04. These numbers are not expected until late August 2003. If necessary, the NAF budget will be revised when these numbers are received.

15. Fort Monroe has returned to profitability. We will continue to sustain our profits in coming years through concentrating our efforts on profitable programs that our customers want while charging rates that accurately reflect our costs.

---